

Decision No. 42569

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 LOYD MORROW and ZELLA E. MORROW, his wife,
 for a certificate of public convenience
 and necessity to operate a water company
 to serve domestic users in the Morrow
 Tract subdivision, Stanislaus County,
 California.

Application No. 29811

Edward M. Lacy, for applicants.O P I N I O N

Loyd and Zella Morrow, by the above-entitled application, request a certificate of public convenience and necessity authorizing them to operate a water system to serve domestic users in the Morrow Tract Subdivision, located adjacent to the east city limits of the city of Ceres in Stanislaus County, California. The tract comprises 22 building sites covering 8½ acres. Three dwellings in the tract have been completed and are now occupied; however, Mr. Morrow expects that at least five more residences will be completed during the year 1949.

A public hearing in this proceeding was held before Examiner Edwards in Modesto on January 11, 1949.

The applicants do not include in their application any proposed schedule of rates for water service. When questioned at the hearing, Mr. Morrow indicated that he would like to have flat and optional meter rates established, but that he had no specific level in mind. He indicated that to the south of this subdivision the McCrarey Water Company charges a flat rate of \$2.30 per month for a

3/4-inch outlet, and to the west, Ceres Water Works, a public utility, charges a \$1.50 monthly minimum for metered service.

The principal items of the system which have been installed to render water service within the tract consist of a 5 hp pump, a 525-gallon pressure tank, and 1,176 feet of three-inch pipe laid in streets and alleys in and adjoining the tract. Mr. Morrow submitted copies of his bills that showed the cost of the water system, when installed in July, 1948, totaled approximately \$3,350. If, to this amount, the cost of services, land, labor, and intangible items be added, the total capital base is increased to \$3,997, segregated as follows:

Pump	\$ 590
Well	370
Tank	325
Mains	2,075
Services	267
Land	250
Intangible Plant	<u>100</u>
Total	3,997

Mr. Morrow testified that he has had no experience as an operator of a water utility, hence could not give reliable data as to the probable future operating costs. He expressed the opinion that the principal item of expense will be cost of electricity to run the pump. The present power bill varies from \$4.50 to \$6 per month, and when the tract is fully built up should not exceed \$18 per month; likewise, repair expenses should not be in excess of \$100 per year, in his opinion.

From a review of the record, it appears that during the developmental stage of this subdivision an interim flat rate of \$2.25 per month for domestic service will cover costs and, furthermore, is deemed to be reasonable. If, upon nearly complete development of the tract, this rate does not prove to provide the cost of operation, including depreciation and return on investment, the Commission will

entertain a supplemental application for the establishment of revised rates based on additional experience in operations.

On January 19, 1949, a test of the water from the Morrow well was made by the Stanislaus County Board of Health and found to be safe for human consumption as of that date.

Applicants state that there are no loans outstanding against the water system.

Applicants have installed water mains in the alleys and have extended services to a distance of within two feet of lot lines on each side. They claim that no county franchise is required for water mains and service pipes to occupy the streets and alleys within or surrounding the subdivision. The applicants also have an option to purchase ten acres of land south of this subdivision, but are not asking for the certificate of public convenience and necessity to cover this extra area at this time. Mr. Morrow testified that no other utility is rendering public utility water service in this area and it was necessary to install a water system before permission to subdivide and sell lots would be granted by the California State Division of Real Estate.

The costs incurred by applicants in obtaining this certificate are stated to have been \$100, of which \$50 was paid to the state as an application fee; and the applicants have stipulated that they, their successors or assigns, will never claim before the Commission or before any court or public body any value for this certificate in excess of the actual cost thereof.

At the hearing on the instant application, no opposition to the granting of the certificate was manifested.

The evidence indicates that the Morrows have the financial means and will operate and maintain the system in such condition as to

furnish satisfactory water service. The Commission finds that public convenience and necessity require the issuance of this certificate.

The certificate of public convenience and necessity hereinafter granted is subject to the following provisions of law:

That the Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity.

O R D E R

Public hearing having been held on the above-entitled application, the matter having been submitted, and the Commission being fully advised,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is granted to Loyd Morrow and Zella E. Morrow to construct, operate and maintain a public utility for the distribution and sale of water within the Morrow Tract Subdivision, Stanislaus County, subject, however, to the following conditions:

1. Applicants shall file in quadruplicate with this Commission within twenty (20) days after the effective date of this order, in conformity with General Order No. 96, the schedules of rates shown in Exhibit A attached hereto, to be charged for all water service rendered to consumers after said effective date.
2. Applicants shall, within twenty (20) days from the effective date of this order, file with the Commission four sets of rules and regulations governing relations with their customers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8½x11 inches in size, delineating thereupon in distinctive markings the boundaries of the present service area and the location thereof with respect to the immediate surrounding territory; provided, however, that such filing shall not be construed as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

Schedule No. 1

FLAT RATE SERVICE

APPLICABILITY

Applicable to all domestic, commercial, and industrial water service furnished at flat rates.

TERRITORY

In Morrow Tract Subdivision, Stanislaus County.

RATES

	<u>Per Month</u>
For each residence including an irrigated area not in excess of 2,000 square feet	\$2.25
For additional irrigation of lawn, shrubs, garden or trees, per month throughout the year; per 100 sq. ft. . .	.03
For each store or office having toilet facilities only	2.25

SPECIAL CONDITIONS

1. All service not covered by the above classifications will only be furnished on a metered basis.
2. Meters may be installed at option of utility or customer for above classifications in which event service will thereafter be rendered only on the basis of Schedule No. 2, Meter Rates.

Schedule No. 2

METER RATES

APPLICABILITY

Applicable to all domestic, commercial, and industrial water service furnished on a measured basis.

TERRITORY

In Morrow Tract Subdivision, Stanislaus County.

RATES

Minimum Charge:	<u>Per Meter</u> <u>Per Month</u>
For 5/8 x 3/4-inch meter	\$2.00
For 3/4-inch meter	2.75
For 1-inch meter	4.00
For 1 1/2-inch meter	6.00
For 2-inch meter	9.00

The Minimum Charge will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the Quantity Rates.

Quantity Rates:

First 800 cu. ft. or less	\$2.00
Next 2,200 cu. ft., per 100 cu. ft.20
Next 7,000 cu. ft., per 100 cu. ft.15
Over 10,000 cu. ft., per 100 cu. ft.12

3. Applicants shall, within thirty (30) days from the effective date of this order, file four copies of a comprehensive map, drawn to an indicated scale of not less than 400 feet to the inch, delineating correctly by appropriate markings the various tracts of land and territory served and the location of the various properties of applicants.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 1st day of March, 1949.

R. Z. Johnson

Frank J. Sullivan

Harold P. Kilds

Commissioners.